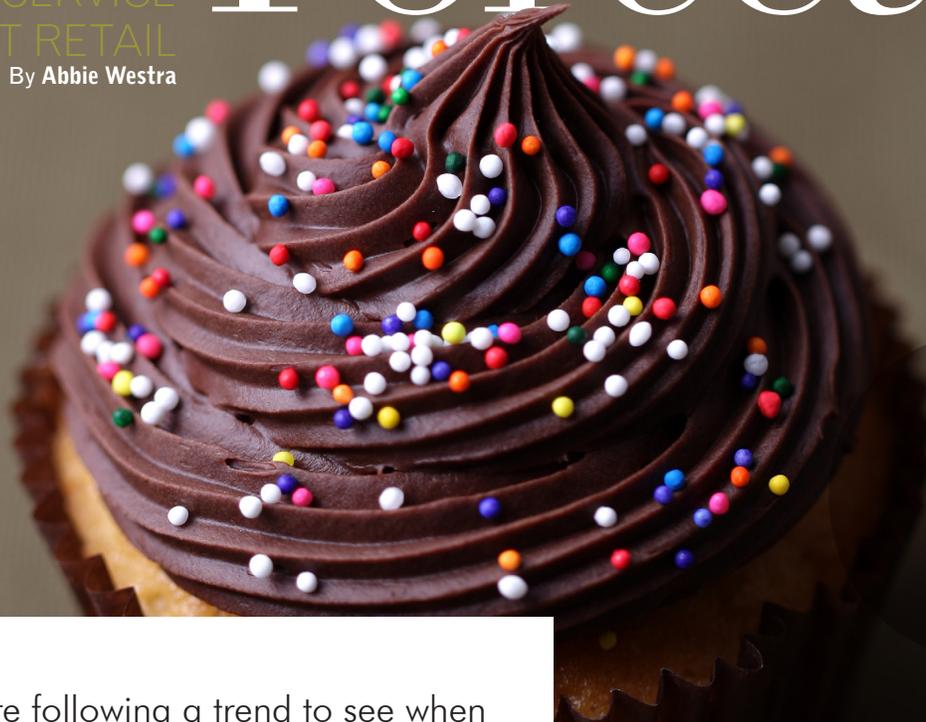


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the Foodservice Forecast

AN EXPLORATION
OF THE FUZZY,
FAR-OFF FUTURE
OF FOODSERVICE
AT RETAIL

By Abbie Westra



If you're following a trend to see when might be a good time to latch on, good luck. Food trends may be moving from fringe to mainstream faster these days, but they're not necessarily traveling in one direction, says Tracy of Culinary Visions Panel.

"Trends won't follow the predicted patterns of the past," she says. "Look at the influence that street markets in Asia and Latin America have had on the U.S."

The time of year has come when experts and writers begin crafting their predictions for next year's food trends. What will be 2013's equivalent of the cupcake craze? What's the food truck of the future?

While such prognostications are fun, *CSP* wanted to burrow a little further into the fuzzy recesses of the future, where we may not quite know how consumer sentiment will manifest itself in a tangible trend, but where you might be able to start crafting your own trends based on those consumer emotions.

For such a task we needed help, so we called on some of the most forward-thinking industry experts we know, more than

a dozen leaders from multiple perspectives and schools of thought. We even went outside the c-store industry to gauge the sentiments of leaders in traditional foodservice, as well as college and university—lately considered the harbinger of foodservice trends.

And because no one brought along a crystal ball, we also asked them what they want to see in the future, what directions and trends they hope our industry will embrace.

So come along with us into the hazy corners of our future, where you might just decide what the “next cupcake” is before anyone else—and you get to lick the frosting.

The Consumer Experience

The relationship between consumers and brands has always been a fascinating one, but never so much as it is today. Social media and mobile technology, brand fixation such as with Apple, the aging of baby boomers and Gen Yers coming into their own are all creating a throw-it-at-the-wall-and-see-what-sticks marketing environment.

“Right now retailers and marketers are in an experimental period,” says Michelle Barry, president and CEO of Centric, a “brand anthropology” consultancy in Seattle. “Folks are trying a lot of different things, looking for the next significant trend wave. Some are great ideas; some are conceived in a shopperless vacuum.”

Three complementary themes are largely responsible for many of these experiments: interaction, customization and control.

At colleges and hospitals, food stations—where food is prepped in front of the consumer—are replacing the cafeteria lines. In c-stores, retailers are ushering in as many made-to-order elements as they can, from sandwiches to lattes.

“They don't want to see food coming out of this hole in the wall in the back where there's a kitchen—they think,” says James Camacho, president of consultancy Camacho & Associates, Atlanta.

The younger generation's desire to customize and control its eating experiences is shaping how companies go to market. “We used to say ‘We're the Starbucks of fill-in-the-blank.’ Now, it's ‘We're the Chipotle of fill-in-the-blank,’” says Aaron Noveshen, founder and president of The Culinary Edge, San Francisco. The difference: Provide meaningful customization, not just customization for customization's sake.

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“People don't want too many choices. It's all about that balance between speed, quality and having ingredients that are the right ones that don't compete with each other,” Noveshen says.

And what happens when brands pair customization with Gen Y's other favorite factor, technology? “People will become the chefs and the creators if you give them the palette,” he says. He points to a concept on the East Coast where customers' creations are displayed for others to try out. Signs show the top trending items, and the customer whose creation is ordered the most receives credits for free

food. (See p. 106 for more on technology and the consumer-brand relationship.)

This demand for interaction, customization and control is greatly changing the brand-customer relationship. “We see the consumer taking on the role of curator of his or her culinary identity,” says Rachel Tracy, managing director of Culinary Visions Panel, Chicago. “Savvy marketers have learned how to stimulate or join the conversation, not just react to the fallout.”

Just remember who's in charge: the consumer. “This requires listening and responding, and many brands are wrestling with that,” says Rodney Mason, CMO of marketing firm Moosylvania, St. Louis. “They don't want to have a conversation; they want to spend money on talking about themselves and watch their businesses grow. It doesn't work that way anymore.”

Barry agrees: “The greatest challenge for retailers and marketers will be to dig deep and reach beyond basic notions of commodities and transactions to create a soulful brand experience.”

Foods, Flavors and Concepts



The fast-casual food line at Lemonade, Los Angeles.

While those on the cutting edge of food trends—chef-driven restaurants, gourmet food purveyors—are watching Peruvian cuisine, Scandinavian fare and fennel pollen, our group of experts shared some more mainstream trends worth exploring.

Vend-o-Magic. Witness the surfacing of 24-hour cupcake ATMs in Los Angeles, the Smart Butcher meat-vending machine in Alabama and Kroger’s robotic c-store in Ohio. The strength of vending lies in its convenience, but the potential for success will come from delivering freshness. Some European concepts are already making quality a priority, says Karen Malody, principal of Seattle-based consultancy Culinary Options.

“You can choose a food and, within the cubicle in which it is stored, micro-

wave-convection technology will heat it within seconds, and off you go,” says Malody. “These will replace grab-and-go environments where you still have to go somewhere to pay someone or stand in a line. The food will be of excellent quality and it is refreshed and refilled constantly from behind the scenes.”

Revised Authenticity. While claims of authenticity are becoming a bit overused in food culture, The Hartman Group, Bellevue, Wash., is seeing a countertrend combining tradition with modern-day familiarity.

“From a mainstream perspective, this looks like good old Hellmann’s mayonnaise combined with the wonderfully sweet and spicy Korean gochujang sauce,” says Melissa Abbott, senior director of culinary insights. Seattle’s Marination

Mobile sells a packaged version called Nama sauce.

On the periphery, says Abbott, “revised authenticity” can be found in the soda fountains popping up in major cities, such as San Francisco’s Ice Cream bar. These spots combine well-researched old-school syrups and tinctures with modern flavor combinations.

Fast Casual Gets Better. The fast-casual segment has shifted the industry in a revolutionary way, but Noveshen of The Culinary Edge believes the revolution isn’t over yet. He foresees fast casual’s next evolution will emphasize the atmosphere, calling it “polished fast casual.”

“As things continue to segment and micro-segment, are Chipotle and Noodles & Company really the quality level that the next-level consumer is seeking?” he asks. He points to early “polished fast casual” leaders Lemonade, a self-described fast-casual cafeteria, and Mendocino Farms sandwich market, both with locations in Los Angeles.

Décor is a big differentiator as newer concepts migrate away from “sterile, cookie-cutter” design, Noveshen says. They are chef-driven, “yet still designed to scale. The burger segment has seen a bit of it, but it will pass into other spaces.”

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Technology and the Consumer-Brand Relationship



Tesco's ordering wall allows consumers to shop using QR codes.

would be a great add-on to bring fresh foods to the working person who arrives home from a commute famished, and might like something better than a frozen or boxed meal," she says. "Really, at that point, all you want is comfort and relaxation."

Further down the road, data will play an increasingly important role in how brands and consumers interact. "The commingling of physical location with transaction and search history will proactively serve up special suggestions and offers at a moment's notice," says Mason. He points to the customization available in loyalty programs as the first step.

Jimmy Matorin, self-described business catalyst and owner of consultancy Smartketing, also sees data mining as a major element of the future of marketing and technology. Many consumers, he says, will opt in to sharing more and more information about themselves in exchange for deals and promotions that—thanks to smartphones—are also location-based.

"People are going to sell out for a little extra income," he says. "It's happening in Japan."

What excites Mason about the future of marketing and technology is that every company, big or small, has a shot at gaining awareness and driving traffic.

"What's scary is the apathy by many businesses who believe the rules don't apply, and continue to do things the way they have always been done," says Mason. "Every day, businesses are learning hard lessons, and for many when the lesson is learned, it is too late."

You can't discuss the future of any consumer-driven industry without falling down the rabbit hole of technology. Social media, smartphones and even in-store equipment evolutions are greatly influencing how companies bring food to the marketplace while delivering on the consumer demand for interaction, customization and control.

The one trend all tech heads have their eyes on is the mobile wallet. A fourth-quarter 2011 study from Moosylvania found 19% of adult men and 15% of women had a payment service on their smartphone to make purchases at retail. Meanwhile, Juniper Research expects mobile transactions will increase fourfold to reach \$1.3 trillion by 2017.

Mason of Moosylvania sees PayPal as a major player in the mobile-wallet explosion, thanks in part to its brand recognition and trust, as well as Square, with help from its partnership with Starbucks.

Mason expects a major revolution in mobile to come from the sheer speed of the Internet. "When the [Federal Communications Commission] releases

the 700-megahertz spectrum we once used for analog TV, the Internet will be omnipresent and run at speeds 30 times anything we have today," he says. "When you have that speed and microprocessors, mobile takes on a completely revolutionary role in lives."

Barry of Centric is watching the ways companies are straddling the line between online and physical spaces. "Some of them don't seem so fabulous, like the in-person and/or kiosk-type incarnations of Living Social and other similar coupon vendors. But other ideas actually do solve issues for shoppers, like Amazon partnering with c-stores to provide a place for people to pick up things they ordered online."

The "ordering wall" that British grocer Tesco is testing in Asian markets—which allows commuters to take pictures of products on a billboard with their phone, capturing the image's QR code and sending the order to Tesco to be delivered to their homes—is clever, says Barry, but "dry goods only go so far."

"Partnering with local restaurants

The Idea Jar



As we cast our net for insights and ideas from our panel of experts, we brought in a bounty of ideas that serve as great musings for trends and innovations to come. We call it our Idea Jar. Pull one out and see where it takes you.

► “**Tropical fruits** are making a comeback on menus via new applications. ... Pineapple is just as likely to be found as a grilled layer to a sandwich, in salsas or dessert as it is gracing a piña colada. Look for ribbons of mango in everything from frozen custard to savory sauces for protein.” (*Rachel Tracy, Culinary Visions Panel*)

► “Over the next five years, consumers will look to retailers like Trader Joe’s to inspire and delight them with snacks like portabella jerky, textural wonders such as orbs of fruit gels now mostly found in bubble tea. By 2022, we’ll likely see more encapsulated technology, where delivery systems provide us with **customized nutrients** (think botanicals rather than synthetic vitamins and minerals) for our beverages and on-the-go snacks. Oh, and **packaging at this stage: mostly edible.**” (*Melissa Abbott, The Hartman Group*)

► “**Asian concepts** (such as ShopHouse, pictured above), simple food, healthy food. Tropical flavors such as mango and avocado. Greek-style yogurt.” (*Ken Toong, executive director of auxiliary enterprises, University of Massachusetts-Amherst*)

► Television show “Diners, Drive-Ins and Dives” has encouraged consumers to search out funky, **hole-in-the-wall food spots** across the country. “I love the food and the service levels. It’s actually an expansion of the know-your-farmer [sentiment] and getting back to communities,” says Nancy Levandowski, foodservice director, Iowa State University, Ames.

► “**Hummus** has exploded in all segments. Whether it is different varieties such as black bean or edamame (pictured above), new flavor profiles are proliferating to pique interest in consumers’ evolving tastes. Hummus is no longer just a dip; operators are using it as a sandwich topper as well.” (*Rachel Tracy*)

► “We’re growing a bit weary of braised local dishes plucked from the nearest rooftop. We will definitely lighten up a bit on ingredients with a pedigree,

and begin to **take ourselves a lot less seriously**, have fun and continue to break a lot of rules.” (*Melissa Abbott*)

► “The fact that Girl Scout Cookies are candy bar flavors, and Taco Bell’s success with Doritos Locos tacos, shows this **mash-up of iconic brands and craveable things** is a hit. People love it and they get it; it fits into their sound-bite mentality.” (*Aaron Noveshen, The Culinary Edge*)

► “It will be possible to prepare a full menu with **just two or three pieces of equipment** such as I’ve seen in Europe already: one combi oven, one or two induction burners and maybe a salamander for quick searing/browning.” (*Karen Malody, Culinary Options*)

► **Kitchen equipment has the capability to talk to one another** and the operator, “so the refrigeration is talking to the computer in the office. It’s saying everything’s running fine, or my defrost timer is running too long, or it’s time to run preventative maintenance,” says James Camacho of Camacho & Associates.

► “More emphasis on **nutritional retention** and integrity of farm-fresh, regional, seasonal ingredients based on the manner in which it is cooked. Various technologies have been developed whose results, when the food is lab-tested, confirm that not only less waste occurs but also the nutrients are more intact after having gone through the cooking process.” (*Karen Malody*)



Beyond the Crystal Ball: Hopes and Fears

It's easy to get lost in the vortex of guessing what the consumer will want, need and do next. But what about you, the foodservice professional? What keeps you up at night—good or bad? What direction do *you* hope the industry takes in the future?

While you ponder that, consider our experts' musings.

What Excites You?

“The perishable-food chain. If done with diligence and discipline, it could be game changing for the nontraditional foodservice channels. With this comes greater food-safety concerns along with the understanding of what it takes to truly be a player.”

— Joseph Chiovera, vice president of foodservice, Alimentation Couche-Tard/Circle K Stores, Laval, Quebec

“How consumers are so willing to experiment these days with flavors and global cuisines. The American palate is changing from strictly fat, salt and sugar to developing an appreciation for sour and bitter as well. It's a great time in our food history.”

— Melissa Abbott, The Hartman Group

What Concerns You?

“Going too far with healthy. If I go too far, I could lose my client that has been faithful and loyal to me just because I was trying to capture someone else. It concerns me how much I can actually

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do cutting edge and how much I have to stay reserved.”

— LaGretta Riley, assistant retail manager, Michigan State University, East Lansing, Mich.

“That [c-stores] don’t do [foodservice] right. They think they can do it right, but they don’t take all the steps.”

— Jerry Weiner, vice president of foodservice, Rutter’s Farm Stores, York, Pa.

What Do You Hope the Future Brings?

“Operators need a voice in the healthy-foods debate. We are cramming things down operators’ throats and saying, ‘You must change, you must do this.’ If they had more voice at the table, I think some things could change, slowly but surely.”

— LaGretta Riley

“I would like to see the foodservice industry fully embrace sustainable, healthy and multicultural food practices. That includes smaller portions and nutritionally balanced dishes made with fresh ingredients. At the same time, I will always want food to be exciting and fun.”

— Ken Toong, University of Massachusetts-Amherst

“We will see foodies become more of the norm in that they want to really experience their food. The ‘Portlandia’ chicken episode is not as far-fetched as it may become.”

— Nancy Levandowski, Iowa State University

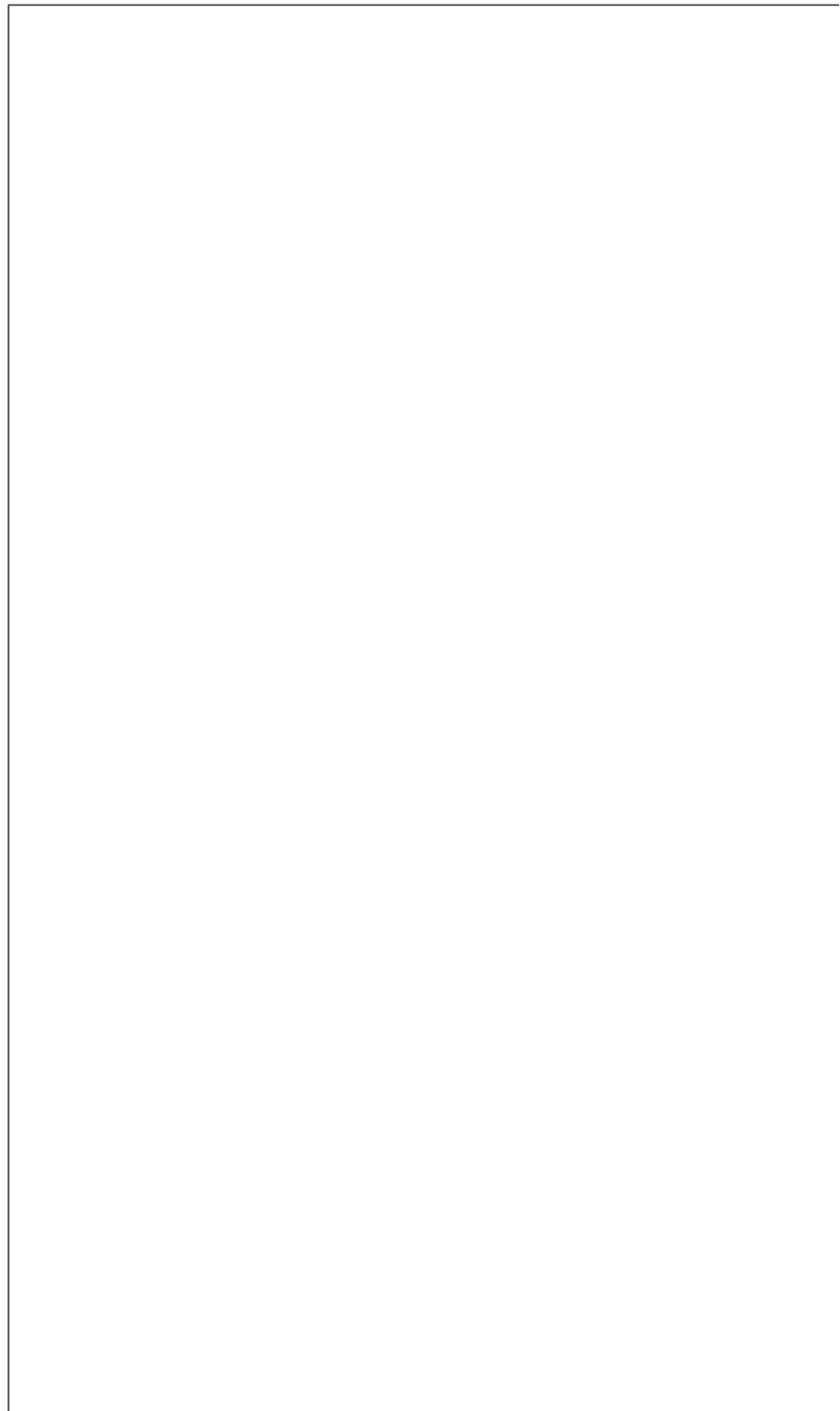
“I would love to see the food democracy movement really take hold with healthful, affordable and readily available food for everyone.”

— Rachel Tracy, Culinary Visions Panel

“Hospitality and putting the guest first. Empowerment of the staff to do the right thing and building a business around that culture. Great food is one

thing, but there’s something about great hospitality that makes all the difference in people’s lives.”

—Aaron Noveshen, The Culinary Edge



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